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STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P.O. Box 942850  
Sacramento, CA 94250-5878

DATE: January 29, 2002

PAYROLL LETTER # 02-006

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief  
Personnel/Payroll Services Division

RE: DOMESTIC PARTNER BENEFITS TAX CHANGE

Medical benefits for Domestic Partners are subject to a tax law change pursuant to Assembly Bill 25 (AB 25) effective January 1, 2002.

With AB 25, the State of California will no longer tax the employee for the imputed value of his/her partner's health and/or dental coverage. Federal, Social Security and Medicare taxes will continue to be withheld as previously described in Payroll Letter # 00-008.

If you have any questions regarding this Payroll Letter, please contact Tom Parker at (916) 322-7951.